Disinvestment of VSNL

328.SHRISANJAYNIRUPAM: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the disinvestment of VSNL is over;

(b) if so, the details thereof;

(c) whether VSNL was split into two separate companies before disinvestment; and

(d) if so, the details thereof and the reasons therefor?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) Yes,Sir. 25% Government equity stake in VSNL has been sold to Panotone Finvest Limited, acompany representing the Tata Group at a price of Rs. 1439.25 crore.

(c) and (d)The transaction in VSNL also incorporates demerger of surplus land available with the company. The decision to separate surplus land from VSNL through a demerger process was taken in order to protect the interts of various stakeholders, as the company did not require the identified surplus land due to factors like change in technology.

Disinvestment of HCL

329.SHRI SANJAYNIRUPAM: Will the Minister of DISINVESTMENT be pleased to state the details of the status of process of Disinvestment of HCL?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): Disinvestment is being considered and carried out in various PSUs including Hotel Corporation of India Ltd. (HCL) in accordance with the declared policy of the Government. The process of disinvestment in HCL has been taken up following the acceptance of the recommendations of the Disinvestment Commission. While recommending disinvestment of HCL, the Commission observed that:

* The hotel industry is a highly competitive industry where quality of service is the key success factor. HCL faces tough competition from the private sector operators.
* The poor condition of facilities has adversely affected the brand image and has forced the hotels to compete in terms of price rather than quality. Consequently, HCL is not able to charge premium on room rents.

HCI compares poorly in terms of cost of repairs per room, selling expenses per room etc.

The units are highly overstaffed in relation to the size of their operations.

The occupancy rates of HCI hotels are low in comparison with other private sector hotels. Moreover, the occupancy rate is characterised by a high share of business for airlines which operates on substantial discount as compared with the regular tourist traffic.

All the hotels under HCI require renovations on a large scale involving significant capital expenditure.

Advertisement inviting Expressions of Interest (EOIs) from the prospective bidders were issued in October 2000 for the following businesses of HCI:

(i) Centaur Hotel Airport Mumbai

(ii) Centaur Hotel Juhu Beach Mumbai

(iii) Centaur Hotel Airport Delhi (including Chefair Delhi)

(iv) Chefair Mumbai

(v) Indo Hokke Hotels Limited (Centaur Rajgir)

After completion of the due process of due diligence and data room study by the Qualified Interested Parties (QIPs), financial bids were invited from the QIPs in November 2001. The bids in respect of Centaur Hotel Juhu Beach Mumbai and Indo Hokke Hotels Limited were accepted by the Government. The bids for Centaur Hotel Airport Mumbai and Centaur Hotel Airport Delhi (including Chefair Delhi) being lower than the respective reserve prices of these businesses were not accepted by the Government. There was no bidder for Chefair Mumbai.

Financial bids were re-invited in January 2002 from the existing QIPs for Centaur Hotel Airport Mumbai, Centaur Hotel Airport Delhi (including Chefair Delhi) and Chefair Mumbai. Valuation of these businesses was also done afresh by the Advisors. The Government accepted the bid received for Centaur Hotel Airport Mumbai. There was no bidder for the other two businesses.

The amounts to be received from the disinvestment proceeds of the three

businesses for which the Government has accepted bids would accrue to the holding company of HCI, viz., Air India Ltd. The transaction documents are yet to be executed. The names of the successful bidders and their bid prices are as under:

Hotel	Name of the successful bidder	Bid Amount (Rs.)
Centaur Hotel Juhu Beach Mumbai	M/s Tulip Hospitality Services Pvt. Ltd.	153 crores
Indo Hokke Hotels Ltd. (Centaur Rajgir)	M/s. Inpac Travels (India) Pvt. Ltd.	6.51 crores
Centaur Hotel Airport Mumbai	M/s. A.L. Batra	83.00 crores

Advertisement inviting fresh EOIs would be issued for the other two businesses, viz., Centaur Hotel Aiport Delhi (including Chefair Delhi) and Chefair Mumbai.

Time-bound programme for disinvestment of HPCL and BPCL

330. SHRI RAJU PARMAR: Will the Minister of DISINVESTMENT be pleased to state:

(a) the names of the Public Sector Undertakings (PSUs) which are likely to be disinvested during the next one year;

(b) the names of PSUs in whose favour the bids/expression of interest have already been received with the names of PSUs and their bidders;

(c) whether Government have formulated any time-bound programme to disinvest Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited; and

(d) if so, the details thereof?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) The names of the PSUs in which disinvestment will be concluded during 2002-2003 cannot be precisely indicated at the stage. Disinvestment in Hindustan Zinc Ltd. and Jessop & Co. Ltd. is likely to be concluded before 31st March 2002.

Disinvestment process is in progress in 30 PSUs, viz., Hindustan Zinc